

The AMERICAN OBSERVER

A free, virtuous and enlightened people must know well the great principles and causes on which their happiness depends. — James Monroe



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APRIL 30, 1934

Consumers Say NRA Prices Are Too High

Opposition to Open Price System Develops Among Small Business Operators

MONOPOLY GROWTH CHARGED

A. F. of L. Report Indicates That Rise in Costs of Living Outruns Wages

Nearly two months have passed since the public hearings and the convention of code authorities were called in Washington by General Johnson to examine the results of the NRA. At those meetings criticism of the recovery administration was invited; and the invitation was not extended in vain. Aside from the subject of labor and the NRA, the chief objections to the codes at that time concerned monopoly, price-fixing, and higher prices for the consumer. These complaints have continued in the same manner up to the present time.

Prices in Depression

The problem of prices has bulked large in the difficulties of depression and recovery. The period of 1929 to 1933 was characterized as a mad race for business which disorganized industry. Unemployment was growing. Purchasing power was decreasing. People were less able to buy the products of industry. At the same time business men tried to keep their factories and stores in operation, and to sell as much goods as possible.

Most of them found that it was necessary to offer lower prices to attract business. The excess of goods over purchasing power created what was in effect a surplus of goods, which also drove prices down. It was not a surplus, if measured by the consumers' needs. Many millions of Americans needed and wanted these goods, but did not have the money to buy them. It was a surplus in terms of purchasing power.

Costs of production in all lines of business were cut in order to sell goods for less. That meant reducing working staffs and cutting wages. The prices of raw materials fell accordingly, for they were part of the surplus. The natural consequence of the strong competition for business was a deepening of the depression, a rapid fall in prices, and constantly declining purchasing power.

It was a period of deflation. Cut-throat competition was the order of the day. Business was more and more like a war, with rival companies battling for possession of the consumers' favor.

In this situation the NRA made its appearance, for the purpose of bringing order back to the business system. The codes of fair competition were designed to set up rules which would end the bitter and unjust warfare between business men. To restore purchasing power the codes contained provisions for minimum wages and maximum hours.

Coming into power at the bottom of the period of deflation, the Roosevelt administration embarked on a series of experiments which had one common purpose: to raise the price level to normal. As the "normal," the level of prices in 1926 was selected.

This was the major purpose of the administration's monetary policy, and is still

(Concluded on page 6)



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PRESIDENT STENIO VINCENT OF HAITI IS GREETED BY SECRETARY OF STATE HULL AS HE ARRIVES IN WASHINGTON TO CONFER WITH PRESIDENT ROOSEVELT ON HAITIAN PROBLEMS

U. S. Shows Interest In Caribbean Area

Haitian President Visits Roosevelt and Agreement to End Our Control Is Reached

TO REBUILD VIRGIN ISLANDS

Measures Under Way, Also, to Reconstruct Destitute Puerto Rico

In his inaugural address President Roosevelt announced that under his administration the United States would pursue a "good neighbor" policy toward other nations. Since then the effects of this policy have been noticeable, particularly in Latin America and in the Caribbean where special efforts have been made to promote better relations. Last December Secretary of State Hull went to Montevideo as our representative to the seventh Pan-American Conference. His sympathetic and understanding attitude did much to dispel the long-standing feeling among Latin American nations that the United States, under the cloak of the Monroe Doctrine, was determined to dominate the Central and South American republics.

Friendlier Relations

It is true that the Roosevelt administration's new deal in foreign policy has not met with complete approval. There is still widespread dissatisfaction in Cuba with regard to the policies formulated in Washington. It is charged that since the downfall of Machado last August the United States has not permitted the Cubans full freedom in choosing their governmental leaders. But in general it may be said that the nations to the south of us are friendlier than they were a year or so ago.

During recent weeks the administration has given further evidence of its desire to adhere to a "good neighbor" policy, and has devoted an unusual amount of attention to the Caribbean—to Haiti, the Virgin Islands and Puerto Rico. The last two, of course, are not nations but possessions. They have, however, been brought within the scope of the New Deal and are profiting by the administration's interest in Latin America and in the Caribbean.

Relations between the United States and Haiti have been under strain for some years. Recently President Stenio Vincent came to Washington and conferred with President Roosevelt with a view to ironing out difficulties. The meeting was successful, and it was announced that agreement between the two countries on all problems had been reached. Again the "good neighbor" policy was hailed, for Haiti has felt bitterly toward the United States.

Our troubles with this republic date back to 1915 when we actively intervened in its affairs. The reasons officially given for doing so, as summed up by Ernest Gruening in *Foreign Affairs*, were that "in the four years preceding intervention there had been six presidents, none of whom completed his term and the majority of whom had been driven from office by revolution. The disintegration had culminated in President Vilbrun Guillaume Sam's seizure of some seventy supposed potential rebels, their slaughter in prison when revo-

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On Changing Your Mind

It would be a good thing if each individual were to keep a diary in which he jotted down not only outward events, but thoughts, stressing those ideas which, from day to day, seemed most interesting, important or significant. Occasionally, then, the diarist might look back over his record to see how consistent he has been. In most cases he will probably find a surprising degree of inconsistency. Opinions held at one time will be reversed a little later. These changes may come so slowly that he is not conscious of them. He does not know how often he changes his mind unless there is some means of confronting him with a record. He assumes a greater degree of continuity and consistency in his thinking than really exists.

This changing of the mind is, of course, a wholesome thing. Change is an essential element of progress. If one holds the same views today that he held a year ago he has not grown. He is standing still. The discovery of a shifting of opinions with the passage of time is an encouraging symptom. It indicates progressive thinking rather than stagnation. There is, after all, no peculiar sanctity about opinions formed at the age of twelve or fourteen or sixteen. Why, then, should these opinions stand in preference to those which might be formed at twenty? And why should one not have as much confidence in facts acquired at fifty as at thirty? One has reached a sorry state when he assumes, even subconsciously, that his powers of fact finding and analysis are less acute than they once were. We all need to be bound less by the assumptions we chanced to form yesterday. We need a greater confidence in the facts and ideas of today and a greater faith in the possibility of tomorrow's discoveries. "A foolish consistency," says Emerson, "is the hobgoblin of little minds." Let us not, then, fear to welcome new facts because they oblige us to discard the data which we gathered last year. Let us embrace new ideas if they seem sound to us today, even though they run counter to the thoughts we may have expressed a week ago.

The rapidity of change in our thinking will depend in part upon our age. When we are young and our accumulated experience is slight, new data may be expected to exert a considerable influence upon our thinking. As we grow older and are in possession of a larger body of fact, new data will affect the total of our thinking less. If an old man changes his ideas very rapidly it may indicate a previous failure to systematize his material and organize his mental possessions. If a young man changes too slowly it indicates arrested development and intellectual stagnation.

Notes From the News

Should Washington Citizens Vote? Boulder Dam Progress; Tammany Cleaning House; Unemployment Insurance Abroad; Problems of Highway Travel

WASHINGTON, D. C., is one of the most peculiar cities in the country. Founded by the leaders of the American Revolution, its inhabitants are the only people in the country who have no right to manage their municipal affairs. Furthermore, they have no vote in the national elections, and are without representation in Congress. This situation has given rise to a continuous movement for reform.

After the government had established itself in Washington, as the city was named by Hamilton and Jefferson, the people living in the area were allowed to have their own way in the management of local affairs. A number of years later, however, a radical change was made. The municipal governments were abolished in 1871, and the District was given a territorial status. Then in 1874, Congress took over complete control of the District. Territorial government was removed, and a Board of Commissioners was set up.

There are three commissioners, two of whom must be civilian residents of the District for at least three years before their appointments; the third man is chosen from the Engineer Corps of the army. These officials are appointed by the president with the advice and consent of the Senate; they are responsible to him, and not to the people. They estimate the amount of taxes required each year and submit it to Congress for approval. The people are not consulted. However, Congress supports a portion of the city expenses, for there are always many people using the public conveniences of Washington who do not reside there, they come on official business, or for sightseeing purposes.

The long fight of the Washingtonians who wish to acquire a vote is led today by Theodore W. Noves, editor of the *Washington Star*, who believes that the District of Columbia should be given the same privileges as a state. His principal arguments are that "taxation without representation is tyranny," that the District outranks seven states in population, and that the wealth and influence of its inhabitants are superior to those of a number of states.

The arguments of those who believe that the administration of the capital should remain a federal matter are based primarily on the purposes of those who drew up the Constitution. They gave Congress absolute control over the seat of the federal government. It is contended that the government came and built the city in what was little more than a wilderness, and that it has the right to dispose of it according to federal necessities.

Moreover, many people oppose Democratic privileges in the District because of the large Negro population which constitutes about a third of the whole. These people fear that unscrupulous politicians would control a large part of the Negro

vote; in other words, they hold the same fears that have always prevailed in the South.

Boulder Dam

Boulder Dam, located on the Colorado River in the states of Arizona and Nevada, is one of the greatest engineering feats of modern times. When it is completed the water of the unruly Colorado River will be harnessed to the service of man. It will prevent floods which are a constant threat to the 70,000 families of Imperial Valley. It will furnish cheap electric power to the factories and mines in neighboring states. In addition, huge pipes will carry water for irrigation purposes to the arid lands in that section.

The dam will contain the greatest amount of concrete of any in the world. Its height will be 730 feet, or equal to a fifty-story building. Its width will be nearly two city blocks. The reservoir into which the torrents of water surging over the dam will empty, will be the largest artificial lake in the world, 115 miles long and 500 feet deep. Altogether, this is considered a gigantic engineering feat—one which will bring enormous benefit to the people of the Southwest.

Satisfied with Roosevelt's Portrait

"It's a very good painting of Frank. It looks like him. It's very dignified. Although it's not smiling it looks alive. Yes, it's suitable to hang in the White House."

Thus spoke Mrs. Franklin D. Roosevelt concerning her husband's portrait now on public view in the Museum of the City of New York. This particular portrait of the president was painted by Mrs. Ellen Emmet Rand. It has been chosen by Mr. Roosevelt to hang in the White House gallery of presidential portraits. Mrs. Rand first painted the president with a smiling countenance, but he favored a more serious expression.

Tammany Chief Ousted

Ever since John F. Curry, leader of New York's Democratic political machine, opposed the nomination of Franklin Roosevelt for president and waged an unsuccessful fight to reelect John P. O'Brien as mayor of New York City, it has been rumored that the Tammany head man would be deposed. The rumor was borne out last week when Mr. Curry lost his leadership.

Mr. Curry was chosen as Tammany's chief five years ago. The first few years of his régime were successful and placid. He saw to it that the usual Tammany favors were bestowed upon influential patronage seekers. However, as times changed and the New York voters, who, incidentally, were also taxpayers, refused to sit complacently by and see waste and extravagance drive their city further and further into debt, Mr. Curry was unable to adapt



THE BOARD APPOINTED TO MAKE A STUDY OF THE ARMY AIR CORPS

The combined civilian and military committee named by Secretary of War Dorn to make suggestions for the future operation of the army air corps. Left to right (seated): Major General Benjamin D. Foulois, chief of the army air corps; Dr. Karl Compton, President Massachusetts Institute of Technology; Newton D. Baker, former secretary of war; Secretary Dorn; Major General Hugh A. Drum, former chief of staff of the A.E.F.; Dr. George W. Lewis, director National Advisory Committee for aeronautics; Major General George S. Simonds, commandant of the army war college. (Standing) Brigadier General John W. Gulick, U. S. Army; James H. Doolittle, noted speed pilot; Edgar S. Gorrell, former A.E.F. pilot; Brigadier General C. E. Kilbourne, assistant chief of staff charged with war planes; Clarence Chamberlain, famous flyer.

his leadership to the changing situation. He did not realize that New Yorkers were determined to oust the "ins," who were blamed for the city's financial plight.

In addition to opposing Mr. Roosevelt for the presidency, Curry opposed Herbert H. Lehman for the governorship of New York. The climax came, however, when he was determined that Mayor O'Brien should be the Tammany candidate for reelection even though he was warned by many Manhattan district leaders that it would take a stronger candidate to beat La Guardia. Therefore, he was generally blamed for O'Brien's crushing defeat, which meant the loss of jobs and patronage upon which Tammany survives. Hence his removal from Tammany's throne was inevitable. The Democratic forces will attempt to repair their political machinery in New York under new leadership.

Insect Menace

A more intensive warfare than ever before will be waged against that long-legged, crop-destroying insect, the grasshopper. Eight states—Wyoming, North Dakota, South Dakota, Minnesota, Idaho, Wisconsin, Nebraska and Montana—will engage in a scientific battle to combat the mischievous grasshopper. Allied with these states will be several Canadian provinces, including Manitoba and Saskatchewan. It looks like a sad omen for the grasshoppers. But crops must be protected against these insects whose greedy appetites have cost farmers millions of dollars in the last two years.

Modern Street Cars

Who hasn't criticized street cars frequently for the amount of noise they make in our cities? Their starting and stopping and their steel frameworks banging and screeching over rails are sources of disturbance in nearly every community.

A tiny start is being made in Chicago to modernize this form of transportation. Two new street cars are being built as an experiment for the Chicago surface lines. These cars are to be streamlined. Not only will they have faster pick-up speeds but these speeds will be attained without bouncing standing passengers out of the aisles. The seats will be upholstered in soft leather. Axle bearings will be of the frictionless, noiseless, ball-bearing type, also rubber-insulated in their connection to the truck frames. The backers of this new type of street car are of the opinion that this form of transportation must be brought up-to-date if it is to compete with modern motor busses and the private automobile.

Highway Travel

Following a survey which has covered nearly every section of the country, the American Automobile Association (A.A.A.) urges the adoption of a nation-wide policy of centralizing control of road signs, markings and signals in the State Highway Departments. "Conflicting jurisdictions as regards these important adjuncts of high-

way travel lead to a wholly unnecessary diversity of design and application, which in turn not only impedes the smooth flow of traffic, but also results in confusion and accidents," recently declared Thomas P. Henry of Detroit, Michigan, president of the national motoring body. Only eight states, he continued, namely, Massachusetts, New Hampshire, Minnesota, New Jersey, Washington, Wisconsin, Oregon and Michigan, exercise anything like a full measure of control through the State Highway Departments, while twenty-two states have no control at all inside municipalities, large or small.

By far the worst abuse growing out of this situation, Mr. Henry asserted, pertains to the multiplicity of traffic lights which the motorists encounter today along the main state and interstate highways which happen to run through small municipalities. "Thousands of such traffic lights," he said, "are in no sense justified by sound traffic engineering and do not help the cause of safety. . . . If lights are needed either for safety or to facilitate the flow of traffic, state engineers can well be relied on to see that they are installed."

Politics in California

The Democrats of California are elated over the recent strengthening of their party in that state. Latest registration figures show San Francisco to be Democratic by a majority of 1,755 out of a total of 264,113. In Los Angeles, the figures are 317,917 Democrats and 303,173 Republicans. In the past, Democrats have been outnumbered from two to one to five to one in San Francisco, and Los Angeles has been even a stronger Republican stronghold.

1933 Airplane Passengers

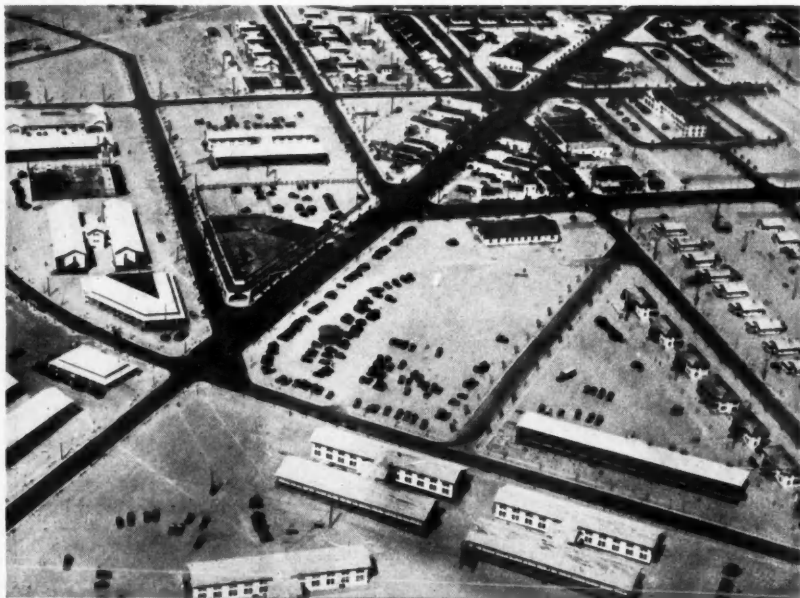
The aeronautics branch of the Department of Commerce reports that 1,815,704 passengers were carried by airplane in the United States during 1933. This included all types of flying—regular commercial service, sightseeing and private flying.

Jobless Insurance Abroad

With Congress considering the Wagner-Lewis unemployment insurance bill, it is interesting to learn of the steps which have been taken in this direction abroad. Great Britain, Germany, Italy, Austria, Bulgaria, Poland, Russia and little Luxemburg have compulsory unemployment insurance. Eight other countries—Belgium, France, Czechoslovakia, Denmark, Finland, Netherlands, Norway and Spain have voluntary systems. It is estimated that 37,500,000 workers are protected by unemployment insurance in these countries.

Young "Teddy" Roosevelt

A well-known Republican who recently pounced on the New Deal was Colonel Theodore Roosevelt, son of the famous "Teddy" Roosevelt and a distant cousin of Franklin Roosevelt. The colonel, speaking in New York, declared that the New Deal takes away the rights of the individual.



BOULDER CITY, COLORADO
The village erected for the men working on Boulder Dam.

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AROUND THE WORLD

Japan: Out of a seemingly clear sky Japan has bluntly warned other nations to keep their hands off China. On April 18, Eiji Amau, the Tokyo foreign office spokesman, released a statement to the press declaring that Japan and China alone were competent to maintain peace in the Far East; that Japan would oppose "any attempt on the part of China to avail herself of the influence of any other country in order to resist Japan"; that she also opposed "any action taken by China calculated to play one power against the other"; and that "any joint operations undertaken by foreign powers, even in the name of technical and financial assistance, at this particular moment after the Manchurian and Shanghai incidents, are bound to acquire political significance."

Analysis of these careful phrases brings out simply that the Japanese have declared a virtual protectorate over China. "Japan does not desire to interfere with legitimate foreign business in China," stated Hiroshi Saito, Japanese ambassador in Washington in an interview with the *Washington Star*, "but it wishes to be consulted by those who want to deal with China before concluding any transactions." Thus, the road to China, hereafter, will be by way of Japan. There can be no trade with China which is not approved by Japan. There can be no financial assistance to China unless sanctioned by Japan. Japan is mistress of the Orient and is prepared to employ force to hold that position if necessary. This is the substance of the meaning of the foreign office statement.

Why did the Japanese choose this moment to make a declaration which they knew would offend other powers? Recently they have given evidence of a desire to promote better feeling toward themselves, as witnessed by the cordial exchange of notes between Foreign Minister Hirota and Secretary of State Hull. All the reasons behind the move are not yet known. It appears, however, that Japan was anxious to take a strong position prior to the meeting on May 14 of the League of Nations Commission dealing with the Chinese question. The League had sent its technical adviser, Dr. Ludwig Rajchman, to China and he was reported to be bringing back a plan for international action to reconstruct China. Japan fears nothing more at present than a reconstructed and united China. If the Chinese were powerful, she knows very well that she could not long hold on to Manchuria. Hence, she warns other nations that they must expect trouble if they interfere with China.

A second reason is that the Japanese have become increasingly worried over the development of Chinese aviation through the assistance of foreigners — not governments but individuals. American concerns have been taking an active part in this work. It is said, also, that the militarists in Tokyo became impatient with the diplomacy of the politicians and were resolved to make a blunt statement and be done with it. Meanwhile, the probable effects of Japan's declaration are being discussed in all capitals.

It is no longer "Japan" and the "Japanese" but "Nippon" and the "Nipponese." Both houses of parliament in Tokyo have

adopted a resolution officially changing the name, and instructions have been sent to all government departments not to use the old forms in their communications with foreigners any longer. The word Nippon is a combination of two Japanese words meaning "sun" and "origin." It is from the same source that comes the well known "Land of the Rising Sun." However, it is likely that the Nipponese will have considerable difficulty in having the new form adopted. We persist, for example, in saying "Russia" although the official title is the "Union of Socialist Soviet Republics."

Geneva: There are very few people now who believe that Europe can avoid an unrestricted armaments race. All hope of an agreement seemed lost when the French on April 18 addressed a note to Great Britain charging that the Germans had made the continuance of negotiations impossible by increasing their expenditures on their army, navy and air forces. Germany's budget figures had become known the week before and they had so alarmed Britain that she asked Germany to explain them. The German reply was not satisfactory and led to the French accusation that "the German government intends to increase immediately on a formidable scale not only the strength of its army but also its navy and aviation." And so the French are no longer willing to discuss privately with Great Britain measures for the limitation of armaments. They say that the problem must be returned to the open conference meetings in Geneva. It is believed that the disarmament conference will meet as scheduled on May 23 but it is difficult to see how anything constructive can come out of the meeting.

China: Are the Chinese a unified people? In spite of the failure of every Chinese government to exercise its jurisdiction over the entire country at any time since the foundation of the republic, foreigners persist in looking upon China as a single national entity. In this connection it is interesting to see what Demaree Bess, the well informed Far Eastern correspondent of the *Christian Science Monitor*, has to say:

Western observers who endeavor to understand from a distance the course of events in China often are puzzled and disappointed because they persist in believing that China is, or may soon become, a single unified country. They are more likely to comprehend China if they accept the view that China is a continental area rather than a nation in the western sense. National spirit has been more thoroughly

developed in various European countries than it has in different sections of China, but the foreign resident soon appreciates the fact that sectional clannishness in China differs only in degree from national feeling in European countries. There is little more in common between the Cantonese (southern Chinese) and the residents of North China than between Italians and Scandinavians, and this is true to a somewhat lesser extent of other sections of China.

France: The Doumergue government is prepared to use force if necessary to combat any demonstrations staged by civil servants in protest against pay cuts. This has been announced by Premier Doumergue in his second radio speech since induction into office. He again emphasized the point that the only alternative to reduction in government salaries was inflation. The day before M. Doumergue's speech 6,000 workers—Socialists and Communists—battled with police in Paris. 1,000 arrests were made. The demonstration was called to protest government economy and alleged Fascist tendencies on the part of the government. A further test of strength, perhaps a decisive one, is expected on May 1, International Labor Day.

Spain: Two persons were killed and eleven wounded in the streets of Madrid on April 22, when conservatives and radicals engaged in bitter clashes. The occasion for the fighting was a meeting of 40,000 Catholic youths near Madrid in order to give proof of their loyalty to the Popular Agrarian party, a conservative faction. The extremists, who oppose what they claim to be a trend toward Fascism in Spain, were resolved to prevent the meeting. They were unable to do this but they did provoke serious disturbances. The incident, however, is regarded as only a preliminary skirmish to the real battle yet to come—a battle which may make Spain either Fascist or Communist.

Germany: John Elliott, a Berlin correspondent of the *New York Herald-Tribune*, reports that Hitler has not really succeeded in abolishing all political parties. What he has really done is to transfer political conflicts from the parliament to the government offices. The important difference between Germany of the republic and Germany of Hitler, he says, is "the fact that public opinion no longer has any control or influence on the settlement of these political struggles, which are now waged in secrecy." It seems that the Na-

zis are being strongly opposed in a number of their measures, by the Junkers, the rich Prussian land owners who are generally monarchist in sentiment and who have been a powerful influence on German governments in the past. It was the Junkers who brought about the downfall of Heinrich Brüning, when he proposed the breaking up of their land estates. It was they who made possible Hitler's coming into power, since the combined vote of the Nationalist and National-Socialist parties was necessary to control the Reichstag which voted a four-year dictatorship to Hitler. Since then the Junkers have prevented the division of their estates by the Hitler government, a cardinal point in the Nazi program. And so far they have thwarted the plan to divide Prussia into small administrative districts.

Great Britain: Sir Oswald Mosley, leader of the British Fascists, gave the first demonstration of his power on April 22, when he managed to secure an enthusiastic audience of 10,000 at a public meeting in London. The Fascist chief risked appearing ridiculous by leasing the largest auditorium in Great Britain. Every seat was filled, however, and by that token the Fascist movement became a more important factor than ever in British politics. Sir Oswald denounced the Jews but declared the allegiance of the Fascists to the king. He said that if his party comes into power it will "by government decree absolutely exclude from Great Britain and the British colonies everything that can be manufactured in England. It will buy no food or raw materials from any country which does not buy England's manufactures." There seems, of course, no possibility of the British Fascists gaining sway at any time in the near future, but the movement is gaining and is giving increasing concern to the Laborites and Conservatives.

Uruguay: This South American country adopted a new constitution last week which makes some interesting innovations in constitutional law. A parliamentary form of government is provided for and voting is declared a duty rather than a right. Failure of a citizen, man or woman, to vote is punishable by fine. The executive department consists of the president and nine cabinet members, whom he appoints. The cabinet is responsible to the parliament but need not resign as a body if the activity of any member is censured. The individual cabinet officer gets out and a new one is appointed to replace him. It

is a system of individual responsibility to parliament. The constitution also contains a number of laws which have already been placed in effect, such as old-age pensions, child welfare, state care of mothers, free medical attention for the poor, cheap dwellings for laborers, workmen's accident insurance, a minimum wage, an eight-hour day and a six-day week, and it recognizes the workmen's right to strike and form unions. These are constitutional guaranties and cannot be abridged by the simple action of parliament. Hence, Uruguay is providing itself with a constitution which is among the most enlightened in the world.



KING LEOPOLD III OF THE BELGIANS AS HE REVIEWED HIS TROOPS RECENTLY

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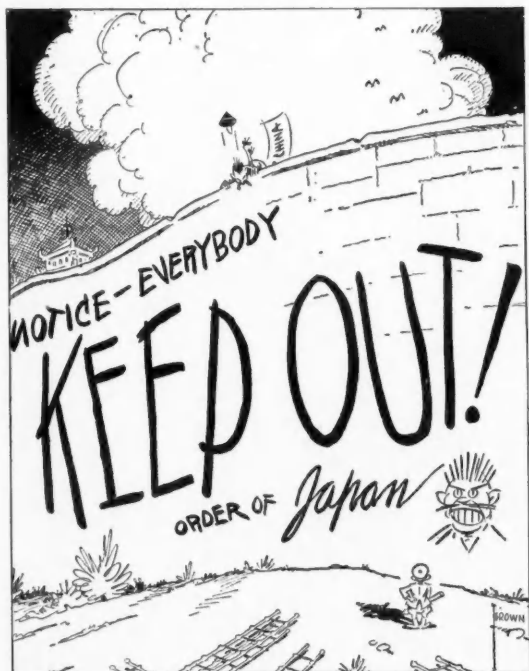
FACTS AND LABELS

Confusion often arises in people's minds when they try to oversimplify issues. An illustration of such confusion is to be found in the attempt which is being made by many people to find some term, some label, or some phrase which will characterize the work and aims of the Roosevelt administration. Someone will make the charge that the president is leading the country in the direction of Communism. If this charge is accepted as true, debate will proceed on the question as to whether Communism is a desirable remedy for our ills. Generally the charge is not accepted by the friends of the administration, but opponents put up the straw man of Communism and then take great delight in tearing it down, assuming that if they prove Communism to be false or dangerous, they have knocked a prop from under the administration.

Others say that the administration is headed toward Fascism. Still others describe the Roosevelt policies as tending toward the regimentation of industry and life. Still other opponents of the administration call its policies radical or undemocratic. They say that the Roosevelt policies smack of dictatorship. Friends of the administration, on the other hand, call the president liberal and defend liberalism on the assumption that they are defending him. They call the administration's opponents reactionaries and then plunge viciously into an attack upon reaction.

The trouble with this kind of reasoning is that it gets us away from reality. It is the substitution of labels for facts. In reality, there is no one word or phrase which can characterize all that the administration is doing. What, after all, is the administration trying to do? It is trying to do not one thing, but many things. It is trying to raise the prices of farm products by curtailing production, in certain cases through voluntary action, and in one case at least, that of cotton, by compulsion. It is trying to create more purchasing power by raising the wages of the lowest paid wage groups. It is trying to spread employment through a shortening of hours. It is trying to raise general prices and thus relieve the pressure of debts by taking and keeping the country off the gold standard and by devaluing the dollar. It is trying to save certain financial and industrial organizations by lending them money. It is trying to save homes from mortgage foreclosures by the same process. It is trying to give work to those who cannot find it in private industry by public building and other public employment programs. It is borrowing money on a vast scale to feed those who are in distress.

These are concrete and definite undertakings on the part



SOMEONE IS ALWAYS MARKING ON WALLS

—Brown in N. Y. HERALD-TRIBUNE

of the government. Some of them may be achieving wholesome results. Others may be failing. Some may be wise and others unwise. The carrying out of certain of these policies interferes with the carrying out of others. Debate can reasonably go on as to the wisdom of each of these measures, and, after taking all of them into account and looking over the whole field, one may argue the question as to whether the administration is or is not entitled, on its record, to the continued support of the American people.

But when the attempt is made to attach a label to the whole program and then to attack or defend the label, the result is not enlightenment but confusion. One argument in favor of the attempt to attach a general label to the administration deserves consideration. It is sometimes contended that behind all the various individual measures put forward by the administration there lurks one chief objective. It is whispered about in some quarters that the members of the administration, or certain influential members of it, some "brain trust" perhaps, is planning secretly to carry the country in a direction that only the schemers know about. It is charged that these schemers intend to use the controls over industry and agriculture which are being established as a means of fastening Communism upon the nation. An effective answer to that sort of fear was made by Rexford G. Tugwell, assistant secretary of agriculture, in his address before the American Society of Newspaper Editors. He said: "Social change in America cannot go any faster than the people who are affected want it to go. That is one of the assurances against any danger that it may go too fast in this country."

The administration cannot go far in any direction without the support of masses of voters. It cannot depart from constitutional practices without running up against the courts. And let it be remembered that our courts are functioning normally. They are acting as they have always acted. No slightest suggestion has been made to the effect that they be disregarded. No act of the administration can stand unless it has the sanction of the Supreme Court, and nearly all the members of this court were appointed by Presidents Harding, Coolidge or Hoover. Those who talk of our being carried thither and yon are, therefore, "seeing things." There is every reason, then, that we should avoid the temptation to attach labels to the administration or the administration's opponents or that we should put up and tear down straw men. It is better that we should keep our attention riveted upon the considerable number of concrete and definite acts and undertakings of the administration so as to see whether or not they are, individually, achieving the purposes for which they are designed and whether or not they, collectively, are getting us out of the depression and establishing a more secure society.

A LONG ROAD

From week to week the progress of disarmament negotiations has been described on page three of THE AMERICAN OBSERVER. An editorial in the New York Herald-Tribune, quoted below, gives an informative sketch of the history of European disarmament up to recent events:

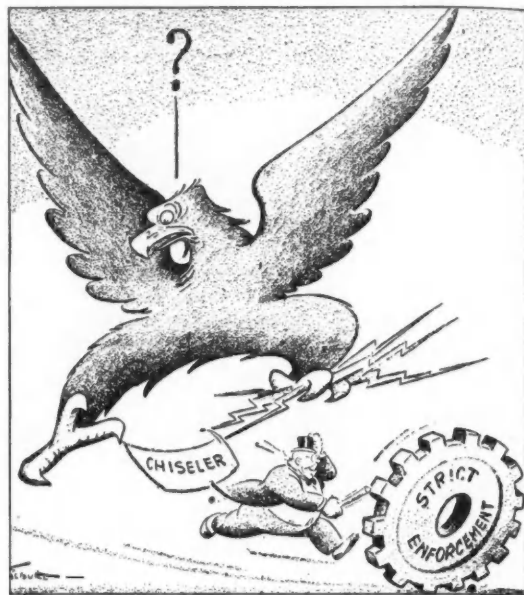
There have been many crises in the long history of disarmament, but the crisis presented by the latest French note to Great Britain would seem to be of a character more definitive than most. It is difficult to see any possible issue from the impasse which has now been reached, and the weary road first taken up thirty-five years ago with the Czar's conference at The Hague would seem to have reached its end. Disarmament, it must be remembered, is by no means a purely post-war issue. The burdens and dangers of military preparation were the first item on the agenda in 1899; the problem had become more acute with the second Hague conference in 1907, and was recognized as critical in the Anglo-German naval conversations of 1912.

It was being actively agitated in 1914 as the hurricane was about to break, and the destruction of "militarism" was quickly seized upon by the Allies as one of the leading rationalizations of their war aims. The limitation and reduction of armaments was the chief basis of those curious negotiations whereby Colonel House, from 1914 until 1917, prepared the way for the American entry into the war, and was one of the brightest rays in the new dawn of hope which rose above the silenced battle lines in November, 1918. Disarmament came to Versailles as no new idea. There were already twenty years of diplomacy and four years of blood behind it; yet the unilateral and forcible disarmament of Germany—which was not quite the same thing as the destruction of militarism—was the most that Versailles could achieve.

That, and a vague pledge of general disarmament to follow, was all that was gained at Versailles. The Preparatory Commission, intended as a first step in the redemption of the pledge, first met in 1925. Six years of futile argument brought no conclusion, but did bring—as a kind of desperate gesture—the convening of the Disarmament Conference itself in February, 1932. It had gone on the rocks of the Franco-German quarrel by July; with difficulty it was reloaded again in December on the adroit but meaningless formula of "equality of rights in a system of security for all." Since (as the Versailles experience might have shown) it is precisely the equality of right to arm which has produced the insecurity, this formula proved a failure before another year was out, and last fall Germany left the conference for a second time.

It is just beginning to dawn upon the world that the reason the horse was crowded out of the scene was because he was not properly stream-lined.

—Rochester DEMOCRAT



THE MISSING COG!

—Talbot in Pittsburgh PRESS

Open Windows on a Changing World

A book list prepared by the editor of the *Journal of the National Education Association*:

Readers who have followed the *Journal of the National Education Association* for several years frequently ask the editor both in letters and in personal conversation for lists of books which will help them to understand the sweeping changes which are taking place in the affairs of mankind. The following titles have been selected in answer to these questions. Starred items give a shorter selection. The list is changed from time to time as new material appears. Twenty-five dollars is not too much to spend for such a course of reading. It is a mere fraction of what a short term in school would cost. Readers are invited to send suggestions.—Joy Elmer Morgan, Editor.

Fundamental Points of View

- * (1) *Other People's Money* by L. D. Brandeis. Jacket Library, Washington, D. C. 15c.
- (2) *A History of Freedom of Thought* by J. B. Bury. Holt, 1913. \$1.
- (3) *The Idea of Progress* by J. B. Bury. Macmillan, 1932. \$2.50.
- * (4) *Constructive Citizenship* by L. P. Jacks. Harper, 1928. \$1.
- (5) *The New Exploration* by Genton Mackaye. Harcourt, 1928. \$3.
- (6) *A Planned Society* by George Soule. Macmillan, 1932. \$2.
- (7) *The Work, Wealth and Happiness of Mankind* by H. G. Wells. Doubleday, 1931. \$7.50.

Outstanding Books of 1933

- * (8) *Social Economic Goals for America*. National Education Association, Washington, D. C. Single copies 15c. Discounts for quantities.
- (9) *Recent Social Trends in the United States* by the President's Research Committee on Social Trends. McGraw. Textbook Edition. \$5.
- * (10) *The Future Comes* by Charles A. Beard and George H. E. Smith. Macmillan. \$1.75.
- (11) *Flight from the City* by Ralph Borsodi. Harpers. \$2.50.
- (12) *Our Movie Made Children* by Henry James Forman. Macmillan. \$2.50.
- (13) *Valuation and Regulation of Public Utilities* by J. H. Gray and Jack Levin. Harper. \$1.
- (14) *The Great Offensive (Russia)* by Maurice Hindus. Smith and Haas. \$3.
- (15) *100,000,000 Guinea Pigs: Dangers in Everyday Foods, Drugs, and Cosmetics* by Arthur Kallet and F. J. Schlink. Vanguard. \$2.
- (16) *Democracy in Crisis* by Harold J. Laski. University of North Carolina Press. \$1.50.
- (17) *We Move in New Directions* by H. A. Overstreet. Norton. \$3.

Outstanding Books of 1934

- * (18) *The Economy of Abundance* by Stuart Chase. Macmillan. \$2.50.
- (19) *On Our Way* by Franklin D. Roosevelt. Day. \$2.50.
- (20) *The Choice Before Us* by Norman Thomas. Macmillan. \$2.50.

A Weekly Periodical Without Advertising

The American Observer edited by Walter E. Myer. 744 Jackson Place, Washington, D. C. Yearly \$3. Special rates for clubs.

Historical Backgrounds

Governmental Assistance to Aviation Viewed Against Background of Traditional American Policies

To students of history the controversy over the air mail contracts with aviation companies and their cancellation is particularly interesting. Those who are familiar with American history will be quick to make a comparison between the development of air lines through government aid and the similar development of the railway lines by government assistance toward the end of the nineteenth century.

The comparison has been made very effectively by Elmer Davis in an article entitled, "A Blow at the Foundations—Roosevelt and His Air Mail Policy," in the *May Harper's*. Mr. Davis first describes the means by which a fine commercial air service has been developed in the United States. The government has given material aid to the aviation companies. It has given them contracts for carrying the mail and has in many cases paid for more than the cost of carrying. These air mail contracts have in fact been subsidies, or grants of assistance, to the companies. It is a further fact, according to Mr. Davis, that favoritism has been shown in awarding the contracts. The contracts have not always gone to the lowest bidders. Under the direction of former Postmaster General Walter F. Brown, certain companies were selected for assistance. They were given fat contracts and were enabled to build up their lines. The selections were made with a view to the development of those companies and those lines which would contribute most to the creation of a strong national aviation service.

Along with this assistance to favored companies, there was a great deal of waste. There was much speculation. Huge profits were made. The chairman of the board of one of these favored aviation companies made a profit of \$12,000,000 on an investment of less than half a million.

Real Development

Other aviation officials did even better than that. That is one side of the picture; the greed and graft and speculative profits in industries which were receiving subsidies from the government. The other side of the picture is to be seen in the fact that a fine aviation service was actually developed. We had, says Mr. Davis, the finest commercial aviation service in the world and we also had the finest lot of mergers and holding companies and stock pools and preferred lists of insiders. Senator Black, chairman of the committee investigating the aviation contracts says that "much of the government's subvention went to profiteers, stock manipulators, and political and financial groups who never flew a plane, never invented an engine, and never improved an airplane part."

The author of this *Harper's* article goes on to say that the building up of the airplane industry by government help, with the incidental graft and waste, may be compared with the building up of many of the American industries, particularly the railroads. He says:

The earlier part of our national history has been correctly described by Dr. Moritz Bonn as a huge real-estate boom, or rather a series of real-estate booms. The story of some of those early land companies, favored by the

government, or at least by certain officials, is a pretty close parallel to the biography of the aviation industry. After the Civil War industry, rather than real estate, was the favorite nephew of Uncle Sam; for "subsidy" substitute "tariff," and the history of aviation is the history of a dozen industries—flourishing, till the late misfortunes of all industry, like a grove of green bay trees, but still officially regarded as infants in need of protection. Notably the history of some of the transcontinental railroads differs from the history of aviation only in that it is far more scandalous. Nobody has accused air-transport or aircraft-manufacturing companies of bribing Congressmen; railroads used to buy them by the dozen. True, such matters are managed more discreetly now; there is no hiring for a job, merely the creation of a sense of community of interest. And except in the case of simple-minded antediluvians like Mr. Fall, there is

vanity combined. Of course not all the railroads were completed; many failed to fulfill their terms of the contract because of delays in construction. Mrs. Laut, after a careful examination, estimates that only twenty-seven railroads earned their land grants and these were able to certify and patent 115,832,000 acres. In addition to federal land grants, the individual states gave from their public lands to hasten railroad construction. Texas alone made awards totaling 32,000,000 acres. The total acreage thus actually distributed reached the great figure of 167,832,000 acres or 262,238 square miles, a domain approximately the size of Texas. To place a value on this land would of course be impossible; some of it had no market, some on the other hand was rich mineral and timber land. Even estimated at the nominal price of two dollars an acre, the public lands donated to encourage railroad building were worth \$335,000,000.

The actual money grants made to the railroad builders were even greater; in fact a conservative estimate (made by Professor Ripley) has placed the amount thus received from all public sources at \$707,100,000. By 1870, when this form of aid had largely ceased, public financing had contributed at least two-fifths of the costs incurred in the construction of the fifty thousand miles of line then in operation. If the value of the land cessions

ing such free play for greed and graft. There is the further question as to whether the government may not be compelled to do that. Can we afford as much graft in the future as we have had in the past?

Frontiers Gone

Coming back again to the *Harper's* article by Mr. Davis, we find his very interesting comment to the effect that "successive frontiers, geographical and then internal, have been exploited; now we have to find a new way of getting along, and if we are going to take care of everybody who is ready to work there may be no margin left for larceny." Mr. Davis closes his discussion with these thought-provoking paragraphs:

Not being privy to the thoughts of the great, I cannot say that all this was in Mr. Roosevelt's mind when he decided to make an example of the aviation industry. But that was the logical implication of his gesture, the logical requirement of his whole policy. And when the air mail issue has been settled the major question will still remain—has the object lesson had its effect? Has any large number of people been persuaded that things which were generally considered proper if you could get away with them, up to 1929, are not only improper but potentially disastrous?

Another Roosevelt, twenty-five years ago, preached a higher public morality, but never succeeded in doing much about it. The current Roosevelt, fitting the deed to the word, is striking at the very foundations of the American system of life. That particular system ought to be destroyed; it accomplished much, though at heavy cost, in its time; but times have changed, and if we continue it we are likely to have the cost without the accomplishment. But it may be that its destruction is beyond the power of government or of any other human agency. For the devout it would seem eminently a time for prayer; the rest of us can only hope that from the events of recent years the American people may have learned a lesson.

A Letter from England

Following is an extract from a letter received from an English student

which contains some interesting comments on the English university life of today:

The people of the university seem to be concerned so much with their own petty round of existence; with morning coffee; "rigger" and "footer" and the latest show or "flick" that they find little time for serious discussion, or for worrying about the state of the outside world. Many come to this Hostel from the public schools, which are in themselves a sort of seclusion. The life of a university hostel is also very sheltered and secluded. Although this community life has much to be said for it, opportunities for comradeship, community feeling and spirit, yet I feel here that you are apart from the world; you seem not to share in its outlook, aspirations and strife. Roughly fifty per cent of the students here live in hostels. I seem to notice a distinct difference between those people who live in hostels and those who come from home; a difference in attitude to the world which is very subtle and hard to define and yet very obvious. No matter how poor the person is who comes into this hostel; he seems of necessity to take on certain qualities, which are characteristic of those of the upper class. He may fight against this at first, but gradually you find him conforming to the conservative traditions of the hall—you will find him buying a dress suit, smoking a pipe, regarding serious conversation as tabooed, and as he becomes a senior he will cultivate an aloofness to many of his fellows, and grow a moustache and a becoming superiority complex to the "freshers." I cannot but help feeling, as I watch these processes at work at different stages amongst the fellows here, that fine as are the products of its university education, it limits and restricts the mental outlooks of those who are fortunate, or unfortunate, enough to be its victims. Perhaps there is no class of society which reads the newspaper more and yet thinks of and remembers less of what it has read. Its mind is moulded and hampered and prevented from questioning by a ceaseless addiction to examinations. . . .



—By Savage from Ewing Galloway
LINKING THE FIRST TRANSCONTINENTAL RAILROAD IN THE UNITED STATES
Ceremony of the golden spike at Promontory, Utah, on May 10, 1869, when railroad history was made.
This is an actual photograph.

no passing of cash from hand to hand—only a hint dropped by well-informed persons as to what stocks to buy and how to buy them. But not even that has been charged to the aviation promoters, up to this writing.

Those with whom the facts of American history are fresh in mind will recall the huge grants which were made to railroad companies by the government during the latter part of the last century. In Hacker and Kendrick's excellent volume, "The United States Since 1865," we read this rather startling account of the financing of the railroads:

It is important to understand that individual initiative and enterprise were not solely responsible for the building of America's great railroad net. Had it not been for the generosity of the federal, state, and local governments and the important aid rendered by foreign capital, the American rails could scarcely have reached their high degree of development.

The United States government was particularly interested. The first federal grant in aid of railroad construction came in 1850 when Congress gave the states of Illinois, Alabama, and Mississippi almost four million acres of the public land to be held in trust toward the completion of the Illinois Central Railroad. From 1850 to 1871 Congress made eighty such grants to the states in the Mississippi Valley. During the decade of the sixties, Congress chartered four transcontinental railroads and made them grants of land directly. These were the Union Pacific, the Northern Pacific, the Atlantic and Pacific, and the Texas and Pacific. In addition, the Central Pacific, though a California corporation, received sections of land on the same terms as the Union Pacific. During the two decades of the fifties and sixties there passed, as a result of this Congressional policy, a total of 158,293,000 acres into the hands of western railroad promoters, an area almost equaling that of the New England states, New York, and Pennsyl-

is added, it can be seen that three-fifths of the cost of laying down the rail net had been borne by public authority.

Past and Present

It thus appears that the building of American industries has not been so completely the result of private initiative and so-called "rugged individualism" as some people assume. Those who say that the government should keep its hands off industry altogether will do well to remember that the government has never done that. The government has played a large part, through the contributions it has made and the favors it has granted, in the development of American business enterprises. Through the tariff, which is a means of shielding industries from competition, it has granted favors to manufacturing establishments. It has come very close to building the railroads of the country and then turning them over to private enterprises. Now it is giving assistance not only to railroads and other business establishments—it is doing this through tremendous loans—but it is developing the aviation industry by subsidies and now, as before, there is much waste and greed on the part of these companies which are being helped by the government. On the other hand, it must be said that a fine railroad system was developed, that splendid industrial enterprises have been established, and that an excellent system of air lines is being created.

Now we approach the question as to whether the government may not find it possible to assist industrial enterprises like air lines, while, at the same time, prevent-

Price Control and the N. R. A.

(Concluded from page 1, column 1)

the goal of the gold purchase operations of the Treasury. The AAA wants to raise the prices received by the farmer for his goods, so that he can buy more products of industry. Finally, the NRA codes were framed in such a way as to increase prices and enable the business man to make a reasonable profit.

Rules of the Game

To use a simple analogy, the problem of business and government in the depression was like that of a game—football, for instance. Imagine a football game in which new rules were made and used on every other play. Suppose that sometimes a touchdown counted six points, and at other times five, or three, or two. What if it were suddenly decided, in the middle of the third quarter, to require a team to make fifteen yards in four downs instead of ten yards? There would be confusion, wrangling, disorder. The players would fight among themselves, and no one would make any progress in the game.

That was the situation of business and government. The rules had to be defined again, and made uniform, so that no player in the game of business, of agriculture, and of finance would possess an unfair advantage. To bring the game back to whatever balance existed in 1926, it was decided to do as much as possible to restore the price level of that year.

Naturally the payment of higher wages and the addition of workers to payrolls under the NRA has made the manufacturer's costs greater and his prices higher. This was intended. And with more money going to wage-earners, the NRA leaders expected that workers could pay the higher prices under the codes.

Now the complaints from small business men and from consumers have been piling up, and most of them deal with the problem of prices. These people complain that prices have advanced too fast, and that purchasing power gained through higher wages has been unable to follow the price advance. They are not satisfied with the rules adopted with regard to price.

The consumer is in most cases a wage-earner. Various classes of consumers have been affected in different ways by the NRA. Those who were unemployed and have now gone back to work as a result of business recovery have, of course, been helped. Their purchasing power has been raised. Where they were earning nothing before the NRA, they are now earning at least the minimum wages prescribed by the codes.

Those Who Gained

Also, those who were working in sweatshops and other places of business where meager wages were paid, have now received benefits from the minimum wage clauses of the codes. Some of them were earning only six or seven dollars a week before NRA. Now they earn perhaps twice as much, with the lowest legal NRA wage.

Those consumers who were already paid more than the minimum wage before NRA have not fared so well. A man who received thirty-five dollars a week in his pay envelope may still be making the same salary, even though a code has been drawn for his industry. In the meantime prices have risen, and this man's real purchasing power has decreased. It is only natural that he should complain about the NRA, since he cannot see any benefit to him as yet.

Because of these differences among consumers, it is very difficult to say whether the total purchasing power of the country has been increased by NRA. It is almost impossible to get accurate figures on the total rise in wages and the total advance in prices, to see how total purchasing power has been affected. But among labor and consumer groups the feeling is widespread that prices have gone ahead more rapidly than wages.

The latest report of the monthly survey of business by the American Federation of Labor states that the average worker's wage was increased from \$19.51 to \$21.24 a week, during the period from March, 1933, to March, 1934. This is a gain of 8.9 per cent. At the same time, according to the A. F. of L., food prices rose twenty per cent, and clothing and furnishings 28.4 per cent.

"Code mechanisms have been used for private profiteering," says the report. "This is contrary to the purposes of the recovery act. Price control is one of the chief problems before us. It is of prime interest to labor and the consumer, because wage

first time that all the companies could get together to agree on their price policies. For that reason, most business men like the NRA. They want to retain the open price system because it establishes order in their industries, and they know what "the other fellow" is doing.

But consumers object. And many small business men object. They do not like the open price arrangement because open prices may mean fixed prices, or monopoly prices. They claim that this is true under the present codes. They point out that often every producer in an industry charges the same price by the time the waiting period in the open price system comes to an end. For

tion and controlled overhead costs, charge his price for their goods also. They make extra profits, and all at the expense of the consumer.

Small business men also dislike this practice because, they claim, it is leading to monopoly control. One large corporation or group of corporations, they say, controls the code authority and sets prices. Then the little fellow must follow suit if he is to stay in business.

General Johnson has taken some action in reply to these charges. He appointed a review board, headed by Clarence Darrow, to inspect the NRA and determine whether it is unfair to the small operator. After several weeks of hearings, Mr. Darrow's board reports that there is monopoly under the NRA, rather than fair competition. The report says the small business man has in many cases been hurt, and recommends some changes in the codes.

Consumers' Board

For the consumers, NRA has a Consumers' Advisory Board and has set up more than a hundred consumers' councils throughout the country to report unjust price increases and to educate consumers in wise buying. However, the findings of the board and the councils have received little attention from the NRA heads so far.

The policy has been to accept the reports of injustice to consumers and lay them aside without comment. If the time comes when sellers cannot dispose of their goods because of prices which buyers will not pay, then the efforts of consumers and their friends in the administration will take effect. Apparently little will be done for them before that time.

On the subject of open prices, NRA administrators ask for more time to find out whether a good system can be devised. They say it is a process of trial and error, and that tendencies toward monopoly and unfair prices may be corrected gradually as they appear. As a matter of fact, the NRA is caught between two hard choices.

Retaining the open price system in the codes does seem to breed monopoly and unduly high prices. But it helps business to control itself. To discard the open price agreements, to make the other choice, would plunge business into the same confusion that occurred when the rules of the game were constantly changing.

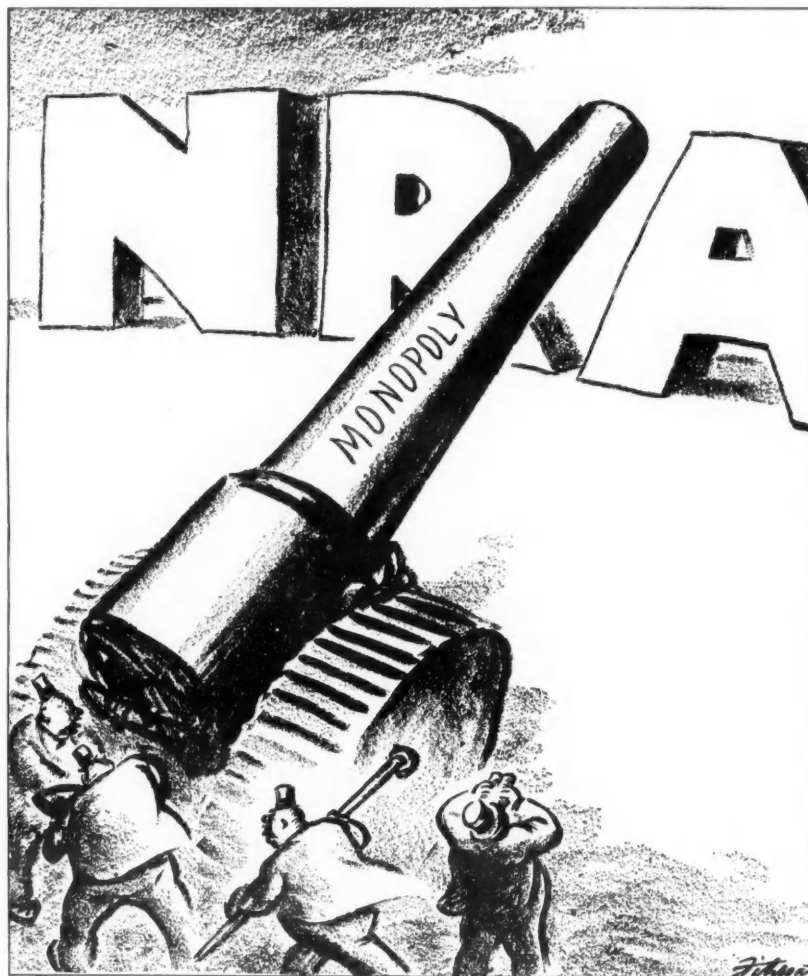
Both those who favor the present system of open prices and those who oppose it agree that modifications will have to be made eventually. That seems to be the duty of government, if business cannot take the responsibility. This is one of the arguments which support the claim made by the NRA that business and government should be partners. There is some doubt as to whether business can be self-governing and make rules which will not injure some large portion of the people. Consumers feel that they should be partners, too, and help make the rules.

THE CARIBBEAN

(Concluded from page 7, column 4)

setting limits for the domestic production of sugar. It refused to establish quotas for the island-dependencies, preferring to leave the question to the discretion of the secretary of agriculture. Under Secretary Wallace it is likely that Puerto Rico and other sugar-producing islands will receive as fair treatment as is possible, but the Puerto Ricans want equal treatment with sugar-producing states in the United States. How this problem is to be worked out remains to be seen.

What is important is that the administration has given every evidence of deep interest in Puerto Rican affairs. Mrs. Roosevelt recently visited the island and stated at the time that the president would himself come to Puerto Rico. And thus is the island encouraged and hopeful of benefiting by the New Deal.



SOME OF THE BOYS WANT TO USE IT FOR A FORTRESS

—Fitzpatrick in St. Louis POST-DISPATCH

increases have been completely cancelled by rising costs of living. The individual worker's real wage is no higher than it was a year ago, despite all efforts to raise it."

Prices Are Up

It is not possible to say whether the figures and statements of the A. F. of L. report can be verified. Other figures have been quoted which contradict these claims. The rise in prices is an established fact, however. The Bureau of Labor Statistics of the Department of Labor, a dependable source, keeps a weekly record of the wholesale price level for all commodities. For the week ending April 14, this record showed that prices were 73.3 per cent of the 1926 average. The corresponding week of last year showed prices 60.3 per cent of the 1926 average.

One provision of the NRA codes is particularly subject to controversy. Most of the codes, especially those for such basic industries as steel, establish what is known as an "open price" system. This means simply that each member of an industry tells the code authority what his prices for goods will be on a certain date. These price figures are available to every other member of the industry. Secret prices or secret bargains between buyer and seller are no longer allowed.

The open price system was devised to correct an evil which was present in these industries before the NRA. This is the

example, a price may be stated to take effect June 1. By that time, according to the critics, all the producers have agreed upon the same price, and it is a high price.

Identical Figures

The Mail Order Association of America, in opposing open price agreements, prepared a long list of price quotations under the codes, on various types of goods ranging from cotton work gloves to lumber and roofing. The list showed that prices in each industry were identical among competing companies. Here are the "competitive" prices on five grades of work gloves from three separate manufacturers:

Gloves (per doz.)	Manufacturer		
	A	B	C
6 oz.	\$.95	\$.95	\$.95
8 oz.	1.00	1.00	1.00
10 oz.	1.20	1.20	1.20
12 oz.	1.35	1.35	1.35
14 oz.	1.50	1.50	1.50

These identical prices for all grades of quality are typical of the figures quoted by the Mail Order Association. Consumers complain that this result of open prices is unfair. They point out that in each case the manufacturer with the highest costs usually sets the price. He is the least efficient producer, because his costs are high and his margin of profit is small. Then the other companies, which can produce at a lower cost by means of mass produc-

A New Deal for the Caribbean

(Continued from page 1, column 4)

lution against his régime gathered headway, and his own death at the hands of an infuriated mob of friends and relatives of his victims, who dragged him from the French legation whither he had fled. Thus the United States had to intervene to protect life and property, especially as foreign relations had been violated. Moreover, Haitian finances were in a tangle and defaults on foreign loans were imminent. To these arguments, former Secretary of State Lansing, writing to the chairman of a Senate investigating committee in 1922, added that the United States feared Germany might secure a coaling station on the island."

It appears, however, that as among these reasons, the one involving the protection of property was foremost. American investors—the National City Bank of New York figured prominently—had considerable sums of money tied up in Haiti and were naturally anxious to avoid losses. During the year preceding intervention, Secretary of State Bryan had exerted pressure on Haiti in an effort to gain its consent to our taking a hand in its financial affairs. But the Haitians refused, and conditions went from bad to worse. Finally the disturbances became so acute that American marines landed and took control of the island. They have remained there ever since.

Treaty of 1915

A treaty was forced upon Haiti giving the United States complete financial and military control and later a new constitution (said to have been written by President Roosevelt while he was assistant secretary of the navy) was imposed in spite of strong opposition to it. Haiti thus became a virtual protectorate of the United States. The treaty was to last until 1936, and the United States set about bringing order out of chaos in the tempestuous republic.

To restore the Haitian government's finances, bonds totaling \$23,660,000 were floated in the United States. Old claims against the government were settled, and Haiti started again with a clean slate. The United States appointed a general receiver to collect all customs duties and make sure that out of this revenue the interest on Haiti's debt to the United States was paid before any other expenses (except the salaries of American officials and their assistants) were paid. This arrangement has continued until the present time.

Needless to say, Haiti has resented our control over its affairs. The long dissatisfaction culminated in strikes and bloodshed in 1929. A hurry call was sent out for more marines, and President Hoover dispatched a special commission to the island to investigate. The commission was instructed to find out when and how we were to withdraw from Haiti, and what we should do in the meantime. The result of this mission was the negotiation of a new treaty to supplant the one due to expire in 1936. American troops were to be withdrawn by the end of 1934, but our financial control of the island was to be maintained until the American bondholders had been paid in full. This might not be until 1952.

The Haitian legislature refused to ratify this treaty, and matters lapsed until President Roosevelt came into office. August 7, 1933, an executive agreement was concluded between the United States and Haiti by the terms of which substantially all the provisions contained in the rejected treaty were put into force. (An executive agreement is an accord between the heads of governments without the formality of ratification by legislatures. It does not have the weight of a formal treaty, but often has the same effect.)

Naturally the Haitians were no more satisfied than before. There was a ray of hope, however, in the Roosevelt administration's disposition to promote good relations in Latin America. It was this hope



A WAYSIDE SCENE IN PUERTO RICO

© Acme

that brought President Vincent to the United States. He was anxious to make a new arrangement by which the payment of the \$11,000,000 left on the loan would be assured without the necessity of American financial control. The details of the plan drawn up in Washington have not been made public at this writing, but it seems certain that by the end of October the Haitians will have complete charge of all their affairs—financial and military. A long and none too bright chapter in the history of American intervention abroad will come to an end.

Virgin Islands

A different situation exists with regard to the Virgin Islands. Here the question is not one of intervention but of reconstruction. The Virgin Islands were acquired by the United States from Denmark in 1917 for the sum of \$25,000,000. At that time they were fairly prosperous, owing to the rum trade which is the principal source of revenue. But not long afterward prohibition came to the United States and consequently to the Virgin Islands. With its vital industry destroyed, the islands languished in increasing poverty year after year. The decline assumed such acute proportions that President Hoover was moved to call them an "effective poorhouse."

But now the New Deal and the repeal of the prohibition amendment have brought new hope to the islands. Once more the manufacture and sale of rum is legal, and the administration has planned a far-reaching program to regulate its sale and distribution. An experiment in planning, more advanced than that provided for the Tennessee Valley under the TVA, is under way. The rum, sugar and bay rum industries will be placed under a government monopoly, exercised through a specially chartered Virgin Islands Company. The profits of the company will be split in half, one part to be apportioned among the workers—which means practically the entire population—in the form of bonuses, and the other to be devoted to welfare and develop-

ment work on the islands, particularly health work. In this way the Virgin Islanders stand to profit directly on a co-operative basis from the islands' industry.

In order to acquire the property necessary to the execution of the plan, \$1,000,000 has been allotted from the public works fund. This money will be used partly to purchase 6,000 acres of land, on which subsistence homesteads will be established for the benefit of propertyless inhabitants. Hence it is planned to take care of the entire population—about 22,000. Special efforts, also, will be made to develop the tourist trade. The islands are noted for climate and beauty, and it is only their extreme poverty in the past which has kept tourists away.

Puerto Rico

We come now to Puerto Rico, and here the record is not quite so impressive as in Haiti and the Virgin Islands. Like other sugar-producing islands, Puerto Rico has for a number of years been in a sad plight. It is the same old story of overproduction, glutted markets and price declines. Some weeks ago an investigation revealed that no less than 90 per cent of the entire population of 1,600,000 was in need of help of some kind. 1,120,000 people were directly affected by unemployment. The whole island has approached a state of destitution.

The Roosevelt administration got off to

a bad start in Puerto Rico. Robert Gore, a friend of the president who had made money in Florida and had contributed handsomely to the Roosevelt campaign chest, was appointed governor of the island. It was a purely political appointment and, as it turned out, an extremely unfortunate one. Mr. Gore, although he went to Puerto Rico with the best of intentions, had no understanding of Puerto Rican politics and little knowledge of actual conditions. It should be said that the little island has had a political life for the past 400 years. Its inhabitants are clever, and for centuries they consistently outwitted their Spanish rulers. And local political activity continued after the United States took the islands from Spain in 1898. Governor Gore was inclined to treat the Puerto Ricans as children, and he immediately provoked a storm of opposition.

It was all the easier to enrage the Puerto Ricans because many of them are not well disposed toward the United States anyway. The largest single political group consists of the Liberals whose principal objective is complete independence. At present the legislature is dominated by a coalition of two opposing parties, Republicans and Socialists. This union wishes Puerto Rico to be incorporated as a state within the United States.

Mistakes

Governor Gore made an important mistake in siding with the coalition and antagonizing the Liberals. In addition he endeavored to make political appointments to educational posts. Briefly, he aroused such a storm of fury that there was nothing left to do but resign. President Roosevelt appointed another governor, and this time political considerations played no part. An army man, Major General Blanton Winship, was chosen and assumed his post on February 5. General Winship has made a good impression upon the Puerto Ricans, and for the present they seem satisfied. They would like, of course, to have complete autonomy and, as we have said, some of them will be satisfied with nothing but independence.

Meanwhile the program for the reconstruction of the island goes on. Direct relief is being administered to the needy, and civil works have been started to reduce unemployment. But there will be no real prosperity for Puerto Rico until the sugar industry is revived. In this respect Congress has not felt inclined to be generous to the Puerto Ricans. A few days ago the Senate passed a sugar bill

(Concluded on page 6, column 4)



THE TOWN AND PORT OF ST. THOMAS IN THE VIRGIN ISLANDS

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The National Capital Week by Week



A Record of the Government in Action



A behind-the-scenes contest between President Roosevelt and the congressional advocates of silver legislation featured an otherwise quiet week in the national capital. The president has not openly displayed his newly acquired "tough guy" tendencies, because he does not want to give the impression that he is opposing Democratic senators and representatives. Nevertheless he has firmly resisted the silverites in Congress and appears to be winning another political tilt.

Silver Inflation

During the president's absence the leaders of the silver groups in the House and Senate busied themselves with plans for new bills which would, in effect, place silver in the same position as a money base which gold now holds. They want the government to buy silver on the world market at a high price, just as it buys gold.

Most of these congressmen come from western states where the white metal is mined. They want to help this home industry. Other supporters of this type of legislation want monetary inflation to go further than it has since the United States left the gold standard. Farmers think more inflation will help them by raising the prices of their crops.

This affection for inflation through a silver bill grew so strong that a week ago such a measure could have passed both houses easily. But Mr. Roosevelt is opposed to any law which would force him to purchase more silver. He has pointed out that such a course would be highly uncertain.

When the administration raised the price of gold and bought it, the Treasury officials knew exactly how much gold there was in the world and they knew where it was. But no one knows how much silver there is, or in what countries it lies. No one knows whether a decision to buy large amounts would not bring an unwelcome and uncontrollable flood of silver to this country. Perhaps the purchase program would not bring the effects which the congressmen want.

Instead the president wants the silver situation handled through the agreement reached at the London Economic Conference. Each interested country there agreed to purchase the newly mined silver produced within its borders. The United States has already started this program.

President Roosevelt feels this worldwide plan is the only logical way to increase the price of silver. In a recent press conference he indicated that the gold purchase plan had not succeeded in raising commodity prices as rapidly as had been hoped, and he thinks the silver scheme would be even less effective.

Roosevelt Leading

So, in his recent conferences with Congress inflationists, the chief executive has made his viewpoint thoroughly clear. He would prefer not to have any silver bill. But if one is to be passed, he says it must be merely permissive. It should be a bill

which will allow him to order the buying of silver if he likes, but it should not be mandatory. His strategy thus far has been working well. The Senate silver men have split on this point. Some of them agree with the president, and others are firm in their stand for a strong bill. As long as they disagree, Mr. Roosevelt holds the upper hand.

The McLeod bill, designed to pay off in full the depositors of closed banks, has

Some interesting news leaked out at the time. Mr. Stephen Early, presidential secretary, was talking about the number of people who would witness the ceremony of signing the bill. Speaking of congressmen who wanted to be present, he said, "Don't tell them to bring their friends, or we'll have to enlarge the office."

A reporter, who has the reputation of being able to smell news three miles away, walked in just in time to hear the last

The automobile labor situation has grown even more unsettled. A. F. of L. unions have called strikes in the Fisher Body Co. plant at Cleveland and the Chevrolet Motor Co. in St. Louis. About 10,000 men are affected. They want increased pay and definite union recognition. Washington is afraid the strike may spread to other centers.

Railroad Troubles

In a letter to Joseph B. Eastman, railroad coordinator, President Roosevelt has recommended that the ten per cent railroad wage cut be continued for six months after July 1. In the president's opinion, the chief hardship has not come from the pay cut, but from part-time employment and extremely low wages for a class of railroad workers who would not benefit much from restoration of the ten per cent decrease.

He proposes that increased earnings of the roads be used to give full-time employment to more men, and to raise the wages of the lowest paid groups. At the same time Mr. Roosevelt served notice on railroad managements that they must find some way to reduce their heavy fixed charges, if they are to avoid receiverships and get further government aid.

Neither employers nor workers seem satisfied with these suggestions. While a railroad strike is not by any means certain, it is a possibility. Mr. Eastman has given up the wage negotiations. What looked at first like a small matter, on which both sides could get together, has become a serious deadlock.

A Vote for Garner

While almost every scrap of Washington news for ten days has involved Roosevelt, the other half of the national Democratic ticket of 1932 has come into his own in one story. Ever since he took the vice-president's chair, John Garner has waited impatiently for a chance to vote on some measure. As speaker of the House, he was happy because he took a more active part in legislation. As the presiding officer of the Senate, he has the right to cast a vote only when there is a tie and another vote is needed to decide.

For weeks he has been praying for a tie vote. Finally his prayer was answered the other day. Senator Borah had introduced a bill barring members of Congress from rendering legal services in any case involving the government as defendant. At the end of the roll call, the vote on the measure stood 31 to 31. Mr. Garner, with a broad and gleeful grin, shouted, "The chair votes aye."

The cherry blossom festival is over, and peace reigns once more along the Potomac. More than two hundred thousand tourists visited the capital to see the trees in bloom. Hotel space was at a premium, and relatives of thousands of visitors are just beginning to get back to normal. Residents of Washington see less of the city's show places in a year than their guests see in three days of touring.



BUT THE CAT CAME BACK

—Philadelphia Inquirer

been held up for a time at least. It is buried in the files of the Rules Committee of the House, and may be delayed by the administration forces for a month or more. The president hopes he will never see it passed, and will use his veto on it if necessary. This is also true of the Frazier-Lemke bill, which would pay off thousands of farm mortgages with a new issue of greenbacks.

During the week the president signed the Bankhead cotton bill, which imposes a compulsory restriction on the amount of cotton produced in the next crop. The limit is ten million bales.

few words. He questioned Early persistently until the secretary admitted that plans have been drawn to build an addition to the executive offices. An extension is sorely needed. Every inch of space in the west wing of the White House is being utilized; two offices in the State Department next door have been taken over by part of the executive staff; the corridors in the basement of the presidential office are lined with desks. And still the mail and business papers overflow. An enlargement will give the staff some opportunity to see out over the stacks of letters.

Something to Think About

1. How has the NRA been used in some cases to enable dealers to fix prices of products? Has this practice helped industry in general? How has it hurt consumers?
2. What might be done to prevent the fixing of monopoly prices in industry under the NRA? What, if anything, has been done to protect the interests of consumers?
3. "If, under the NRA, prices are increased as much as wages, purchasing power will not be increased and industry will not be stimulated. The NRA, therefore, will not have achieved its main objective." Is this statement true?
4. Describe the situation which led to the recent visit of President Stenio Vincent of Haiti to the United States.
5. What are the principal features of the plan of reconstruction for the Virgin Islands?
6. How did the Roosevelt administration create a bad first impression in Puerto Rico?
7. Give an illustration of the way confusion may be introduced into a discussion by paying too much attention to labels. Why is it undesirable to talk much about Communists and reactionaries in the course of a discussion of the administration's policies?
8. Compare the development of the railroad industry with that of aviation. What are the strong points and what the weak points in connection with the way these industries were developed?

9. What does Elmer Davis mean by saying that the American system of life ought to be destroyed? What reason is there for thinking that the methods of dealing with industry which have succeeded fairly well in the past may not succeed so well in the future?
10. What are some of the reasons for President Roosevelt's opposition to silver inflation at this time?
11. What were the president's recommendations in regard to railroad wages and the heavy interest burdens of the railroad industry?
12. Do you think Japan is justified in the position she has taken with regard to China?

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PRONUNCIATIONS: Puerto Rico (pwair'to ree'ko), Eiji Amai (ee-ee'gee a-ma'oo), Ludwig Rajchman (loot'veek rahk-mahn).